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FISCAL IMPACT STATEMENT

LS 6851

BILL NUMBER: HB 1045

NOTE PREPARED: May 1, 2013

BILL AMENDED: Mar 26, 2013

SUBJECT: Airports.

FIRST AUTHOR: Rep. Friend

FIRST SPONSOR: Sen. Wyss

BILL STATUS: Enrolled

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: The bill provides that: (1) a board of aviation commissioners; and (2) an airport authority; are public agencies for purposes of entering into design-build contracts for a public works project.

The bill provides that a lease for the maintenance, operation, or use of an airport is not limited to a 15-year term (current law limits contracts and leases for maintenance, operation, or use of an airport to 15-year terms). It also specifies that the jurisdiction granted to an airport authority is superior to that of other local units or entities with respect to airport lands, and removes a requirement that a cumulative building fund be used only to support commercial intrastate air transportation.

Effective Date: July 1, 2013.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: The bill would allow a board of aviation commissioners as well as airport authorities to enter into design-build contracts. The bill could potentially result in savings assuming that these agencies would only use design-build contracts, if the process would reduce the overall cost of a project.

Airport Cumulative Fund - Under current law, an airport may impose a property tax levy for a cumulative fund. Money in the fund may currently be used to acquire real property, to construct, enlarge, improve, remodel, repair, or equip buildings, structures, runways, or other airport facilities needed to carry out the airport's

statutory duties and to facilitate and support commercial *intrastate* air transportation.

This provision would expand the potential use of money in the fund by permitting its use to facilitate and support *all* commercial air transportation. This provision does not affect the ability of an airport to impose a cumulative fund levy.

Background: Design-build Contracts - These contracts involve design and construction services being provided to public agencies by a single entity.

Airport Authorities and Boards of Aviation Commissioners - There are currently 99 public use airports in Indiana, 47 of which are governed by a board of aviation commissioners and 15 of which are airport authorities.

Airport Cumulate Fund - Seven airport authorities levied \$1,379,249 in 2013 in their cumulative funds.

Explanation of Local Revenues: The changes relating to contracts and leases would allow greater flexibility in the type of agreement and terms of agreements that airports may enter into. These changes may result in increased revenues, depending upon the policy decisions of local airports.

State Agencies Affected:

Local Agencies Affected: Boards of Aviation Commissioners, Airport Authorities.

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